



SOUTHWEST GAS CORPORATION

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December 30, 2011

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

**RE: Compliance with Decision No. 71718, Docket No. G-01551A-09-0039
Tankless Water Heater and Boiler Measures Cost-Effectiveness**

Pursuant to Decision No. 71718 docketed June 3, 2010, Southwest Gas Corporation (Southwest Gas) submits this report as a compliance item with Docket Control informing the Commission of the continued cost-effectiveness of the tankless water heater measure and to request continued inclusion of the measure in the following programs: *Smarter Greener Better* Homes (formerly ENERGY STAR® Homes), *Smarter Greener Better* Residential Rebates (formerly Consumer Products), and *Smarter Greener Better* Business Rebates (formerly Commercial Equipment). In addition, this report serves to confirm the continued cost-effectiveness of all but two of the boiler measures offered as part of the *Smarter Greener Better* Business Rebates (formerly the Large Commercial Energy-Efficient Boiler program).

Decision No. 71718 approved the tankless water heater measure and all of the boiler measures as part of the aforementioned programs, and ordered the review of energy savings and incremental cost data to ensure continued cost-effectiveness. On September 13, 2011, Southwest Gas submitted its *Arizona Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan*, which details the incremental costs, energy savings, and continued cost-effectiveness of the tankless water heater and boiler measures. The steam trap surveys and boiler tune-up measures were removed from the program since they did not achieve the necessary cost-effectiveness ratio.

Please feel free to contact Bobbi Sterrett at (702) 364-3309 or the undersigned at (702) 876-7163 if you need further information or have any questions.

Respectfully,

Debra S. Gallo, Director
Government & State Regulatory Affairs

Arizona Corporation Commission
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c: Julie McNeely-Kirwan, Arizona Corporation Commission

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